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DEPARTMENT OF STATE

AIRGRAM

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A-108 NO. CONFIDENTIAL HANDLING INDICATOR 237

TO : Department of State

INFO : ALGIERS, BEIRUT, DHAHRAN, KUWAIT, LONDON, PARIS

noted 5/18/70 @

FROM : Amembassy TRIPOLI DATE: May 8, 1970

SUBJECT : Summary and Analysis of the Libyan National Oil Corporation Law

REF :

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY DATE 8/7/81
EXCISIONS DENIED AS INDICATED
DEPARTMENT OF STATE

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I SUMMARY

The law establishing LNOC as the new national oil company provides authority broad enough for it to become an active participant in Libya's future petroleum development or a state oil monopoly. As the successor to Lipetco, LNOC is part of a new structure of state organizations enabling the government directly to supervise and foster economic development. LNOC does not have the semi-autonomous status of Lipetco. It is attached to the Ministry of Petroleum and Minerals, and through its Board of Directors is linked to other organizations

Enclosure:
Libyan Petroleum Corporation Law.

GROUP 4
Downgraded at 3 year intervals, declassified after 12 years.

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FORM DS-323

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Drafted by: ECON:JAPlacke/hy 5/6/70

Contents and Classification Approved by: ECON:LWalker

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recommending and implementing petroleum policy. By its emphasis on service contracts for development of prospective oil producing areas, and upon development of integrated operations, the LNOC law suggests the Corporation is intended eventually to play the dominant role in domestic producing, marketing and transportation of crude oil and its products. LNOC's management seems to be facing the new Corporation's formidable technical and managerial deficiencies squarely. The pace and direction of LNOC's development will be determined by the management's success in dealing with these problems, and by the outcome of current negotiations to establish the framework for the LARG's future relations with the concessionary oil companies.

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II DESCRIPTION OF LNOC LAW

A law establishing the Libyan National Oil Corporation (LNOC), to supersede the Libyan General Petroleum Corporation (Lipetco), was promulgated on March 5, 1970. An unofficial commercial translation of the law is enclosed.

The main features of the LNOC law are summarized as follows:

Objectives. LNOC is a juridical person and succeeds to the rights and obligations of Lipetco. LNOC is to contribute to the national welfare, operating within the policies of the State and the objectives of the development plan, by exploiting hydrocarbon resources either alone or in association with others engaged in similar activities. (Articles 1, 2, and 4.)

Organization. LNOC is to be governed by a five-man Board of Directors responsible to the Minister of Petroleum and Minerals. The Chairman of the Board also is the

Director General of the Corporation - its chief executive officer. The other members of the Board, in order of precedence are:

Vice Chairman - the Under Secretary of the Ministry of Petroleum and Minerals,
Deputy Director General of the Corporation,
One representative each from the Ministries of Industry and Treasury, to be nominated by their respective Ministers.

The Board is to be appointed directly by the RCC. (Articles 19-26.)

Capital and Funding. LNOC's capital is not specified by statute, but it includes Lipetco's assets, capital funds which may be appropriated by the LARG and the capitalized value of its share of joint ventures. LNOC is to derive its operating funds from profits, loans and LARG appropriations. (Articles 10-15.)

Operating Authority. LNOC is granted general authority to exploit hydrocarbon resources in Libya and abroad. The elaboration of this authority in the law includes the following points of particular interest:

a) participation in establishing specifications for petroleum products marketed in Libya;

b) designation as the LARG's agent for sale of government-owned crude oil, whether derived from concessionary obligations, payment of royalty in kind or purchased from concession holders;

c) authorization to build and operate pipelines and loading terminals for its own use and for other operators;

d) authorization to provide transportation services to the petroleum industry. (Comment: This relates to domestic overland transportation of materials and supplies - an area of longstanding minor irritation among the operating companies, the government and transportation contractors. Friction has been generated by the general reliance of the industry on its own transport facilities and those of large contractors to the disadvantage of smaller contractors. This provision, which has not yet been implemented, provides the legal basis for concentration of transportation contracting in LNOC, presumably to be sub-contracted to a larger number of local firms);

e) authorization to establish wholly-owned subsidiaries and partnerships in which LNOC, in principle, is to have a majority interest. (Articles 8-9.)

Exploration Terms. Exploration areas may be assigned to LNOC by the Council of Ministers, in which LNOC may develop hydrocarbons independently or through contracts or partnerships with third parties. If operations are conducted by a contractor, he shall bear the cost of exploration. Title to any oil produced wil remain with LNOC. The contractor shall be obligated to market all or part of the oil for LNOC, and he shall be reimbursed in cash or in kind. If operations are conducted by a partnership, the terms of the partnership shall be more favorable to LNOC than are the terms of the petroleum law to the government. (Article 5.)

Hydrocarbons discovered in areas assigned to LNOC are the property of the LARG, and rights thereto may not be transferred. (Article 6.) (Comment: There appears to be a conflict between this provision and the admissibility of partnership agreements. However, a comparable provision in the Lipetco law did not impede concluding partnership arrangements.)

The LARG's participation rights in concession contracts are vested in LNOC. (Article 7.)

Tax Exemption. LNOC is exempted from all Libyan taxes and fees for a period of ten years. The duration of this exemption may be modified by the Council of Ministers. (Article 30.)

III COMPARISON OF LNOC WITH LIPETCO

The functions and role of LNOC differ from those of the former Lipetco in several important respects:

- LNOC has no assigned role in oil policy formation but is subordinate to the economic and petroleum policies formulated by the RCC/Council of Ministers.

- Unlike Lipetco, LNOC clearly is subordinate to the Minister of Petroleum and Minerals. Lipetco enjoyed the right of direct appeal to the Council of Ministers, which gave it a semi-autonomous status.

- LNOC has been stripped of responsibility for supervising oil field practices and the educational, training and social services required of Libya's oil concessionaires. These responsibilities had been assigned to Lipetco by its founding law and now have reverted to the Ministry.

- A larger role in both domestic marketing of petroleum products and foreign sales of crude oil is envisaged for LNOC than was the case under the Lipetco law. Lipetco enjoyed general authority to undertake marketing activities, and had begun domestic marketing before the revolution, but marketing authority is specifically assigned to LNOC.

- The Lipetco law emphasized exploration and development of acreage through joint ventures - not surprising since Lipetco was created to carry out the joint venture agreement signed with ERAP early in April 1968. The LNOC law emphasizes contract development. The law

specifies in considerable detail the terms under which contractors would carry out exploration, development and marketing work for LNOC. In general, these specifications reflect the present state of development of oil exploration contracts as applied in Iran and Iraq.

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IV BOARD OF DIRECTORS

Chairman and Director General - Aniis SHTAYWI
Shtaywi was Minister of Petroleum and of Labor and Social Affairs from September 8, 1969 to January 15, 1970 in the post-revolution government of Prime Minister Mahmuud MAGHRABI. Shtaywi holds a masters degree in petroleum engineering from the Colorado School of Mines and was employed by Oasis Oil Company as a petroleum engineer until arrested in 1967 following the civil disturbances in Libya which accompanied the June war. [redacted] Shtaywi's technical ability highly but [redacted] because of limited management experience, he has not yet developed the flexibility needed to resolve problems which cannot be reduced to mathematical terms. As head of LNOC, Shtaywi should be subjected to fewer pressures than in his ministerial assignment and may prove to have the capacity to become an effective administrator and negotiatior. Shtaywi was appointed Chairman on April 11 to succeed Saalim 'UMAYSH, an unknown originally announced as LNOC Chairman on March 17, 1970.

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Vice Chairman - 'Iisa QIBLAAWI
Qiblaawi has been a senior official in the petroleum ministry since returning to Libya in mid-1969 from one academic year at Harvard. In September 1969 he was appointed Under Secretary of the Ministry by the revolutionary government. Although academically inclined and an economic planner by training, Qiblaawi has proved to be an effective channel of communication between the government and the oil industry in post-revolutionary Libya.

Deputy Director General - 'Umar MUNTASIR. Muntasir's appointment was announced March 29, 1970. He succeeded Mustafa KIKHYA, who was originally appointed to this position and who had served as acting General Manager of Lipetco since October 1969. Kikhya reportedly resigned both this appointment and employment with Lipetco, where he had headed the exploration department since 1968, out of disappointment with being passed over for the chairmanship of LNOC.

Muntasir's government service began in October 1969, when he was appointed Director General of Economic Affairs in the Ministry of Petroleum. He also headed the Ministry's posted price negotiating committee, formed in January 1970, and has retained a seat on the new petroleum negotiating committee, formed in early April. As a full-time employee of LNOC and the Corporation's second-ranking executive, Muntasir has resigned from the Ministry. Muntasir's background includes a masters degree in economics from the American University of Beirut and employment with Mobil Oil from 1966 until he also was arrested for involvement in the 1967 disturbances. During his assignment at the Ministry of Petroleum, Muntasir demonstrated competence and dedication to his work. He appears to enjoy the confidence of the RCC and has ties to Chairman Shtaywi and key oil adviser Mahmuud Maghrabi, probably formed during their imprisonment under the old regime.

Representative of the Ministry of Industry - Under Secretary 'Ayaad 'AZZABI

Representative of the Ministry of Treasury - Under Secretary 'Izz al-Diin al-GHADAAMSI. Ghadaamsi was appointed Under Secretary by the revolutionary government. He is a former labor activist and also among those imprisoned by the monarchy in 1967.

V POLICY AND PROSPECTS

A review of the LNOC law, statements on LNOC by the Minister of Petroleum and Minerals and commentaries in the official press indicate the importance given by the LARG to LNOC as the operating arm of the petroleum ministry and the executor of Libya's petroleum development policy. The repeated stress given to introducing contract operations for discovery and development of new oil reserves indicates this is to be the preferred form for future expansion of the Libyan oil industry. The LARG appears convinced that contract development meets its twin criteria of greater control over oil operations and a higher proportion of revenue from the oil produced - lively argument among petroleum economists about the latter notwithstanding.

During a recent meeting with Embassy officers, LNOC Chairman Shtaywi gave first priority to reorganizing and strengthening LNOC to enable it to perform the functions of an oil company - especially because of the urgent need to fulfill its obligations to its partners in joint ventures inherited from Lipetco. (These are with ERAP, Shell, AGIP and Ashland. The joint venture signed in 1969 with Chappaqua, an American investment company, is considered by the LARG to be a dead letter.) When asked about the Corporation's preference for the form of new ventures, Shtaywi emphasized the importance to Libya of maximizing the benefits to the state by adopting contract development of new oil resources, but he also maintained that joint venture offers would be entertained by LNOC. He did not comment on the possibility of independent operations by LNOC. Shtaywi's remarks probably reflect both LARG policy and his assessment of LNOC's present extremely limited capabilities.

Comments by LNOC Deputy Director General Muntasir, too, indicate a realistic appraisal of the new Corporation. One of Muntasir's first official acts was to call on Esso Libya's President Wynne to seek his good will and advice, and

through him that of the rest of the Libyan industry, in assisting LNOC to stand on its own feet. Wynne reportedly delivered a fatherly lecture on the importance of good relations among rival oil companies and offered some assistance in designing a table of organization for the new corporation.

LNOC's management faces the formidable task of building an organization capable of effectively conducting its present domestic operations - four joint exploration ventures, limited product marketing and the prospect of moving into refining, transportation contracting and pipeline operation. However, LNOC may not be given time to gain experience in these domestic operations before being pushed by the LARG into marketing crude oil abroad. Designation of LNOC as the LARG's crude oil marketing agent, comments by LNOC's marketing chief, Hasan JIHAANI, and evidence accumulating from the current posted price negotiations, suggests the LARG is considering direct marketing of crude oil as one alternative to the present concessionary arrangements if the price talks fail. If pushed too far too fast, LNOC probably would falter, despite the greater technical competence of its management compared with that of Lipetco.

COMMENT

At this early date, only a few general comments can be made about LNOC:

- in its revised form the national oil company is part of the structure of new state organizations created by the LARG to promote economic development, under the direction of the revolutionary government. (See A-75 and A-74 for a description of new industrialization bodies and policy.)

- for management of LNOC, the LARG continues to rely upon the group of young nationalist technicians brought into responsible government positions following the revolution. By assigning dual functions to members of this group (Petroleum Under Secretary Qiblaawi also is Vice Chairman of LNOC, and LNOC Deputy Director General Muntasir is a member of the petroleum policy/price negotiating committee headed by former Prime Minister Maghrabi), the LARG can hope to achieve consistent implementation of a coherent oil policy.

- the LNOC law provides the basis for Libya to pursue direct development of its unexploited hydrocarbon resources, initially through joint ventures and subsequently through contracts and independent exploitation.

- how far and how fast LNOC will develop depends upon the success it has in obtaining, and forging into an institution, the technical and management talent it requires, and upon the outcome of current LARG-oil company negotiations to settle outstanding issues and construct a framework for their future relations. Should the current negotiations fail to achieve a viable settlement, LNOC could find itself cast as a crude oil marketer or titular operator of the Libyan oil industry long before it is capable of filling this role.

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LIBYAN PETROLEUM CORPORATION LAW

THE REVOLUTIONARY COMMAND COUNCIL;

having seen the Constitutional Declaration of 2nd Shawwal 1389 H corresponding to 11 December 1969; and

Law No. 13 of 1968 establishing the Libyan General Petroleum Corporation and Law No. 25 of 1955 as amended; and

acting upon submission by the Minister of Petroleum and Minerals, with the concurrence of the Council of Ministers;

do hereby sanction and issue the following law:

Article 1

An organization to be known as the Libyan National Oil Corporation shall be established as a juridical person to supersede the Libyan General Petroleum Corporation and assume all its rights and obligations.

Article 2

The Corporation shall be attached to the Minister of Petroleum and Minerals who shall supervise and control its activities. With due regard to the general policy of the State the Corporation shall be charged with realizing the objectives of the Development Plan in the petroleum fields of activity.

Article 3

The seal of the Corporation shall be determined by the Council of Ministers and the Minister of Petroleum and Minerals may resolve on submission by the Board of Directors to establish subsidiary branches thereof anywhere inside and outside Libya.

Article 4

The Corporation shall contribute to the national economic wellbeing by undertaking to develop, administer and exploit the petroleum resources through the various stages and also by undertaking to distribute petroleum products, local and imported.

The Corporation may go into partnership with any organication or corporation inside and outside Libya which may be undertaking activities similar to its own or assisting the Corporation in realizing its objectives.

Article 5

1. The Corporation may exploit independently or under contractual agreements or partnerships with a third party such areas as may be allocated to the Corporation by the Council of Ministers provided such allocation of areas shall require a resolution to be passed by the Council which resolution shall also sub-divide the areas so allocated to the Corporation.

2. It shall be a pre-condition in all contractual agreements that the contractor will undertake exploitation activity for and on behalf of the Corporation, that any oil so produced will become the property of the Corporation at the well head (at source) and that the contractor shall provide all the funds required for oil exploration and prospection which funds shall only be recoverable when oil in commercial quantities is found and then the Corporation shall pay them back over a period of time to be mutually agreed upon.

The Contractor shall also be bound to provide the funds required for the exploitation stage. He shall be bound to market the oil produced in part or in whole subject to conditions to be mutually agreed with the Corporation. Always provided that reasonable compensation in cash or in kind, that is of the oil so produced, shall be fixed or prescribed for the contractor in payment for his services.

3. It shall be a pre-condition in any partnership agreement that rights, benefits and privileges accruing to the Corporation thereunder shall be more than those accruing to the Government under the Petroleum Law. Any such agreement shall assign to the Corporation the right to participate as partner, with a given percentage, in all operations, as early as the commencement of the agreement, provided the other partner shall meet the costs of all exploration and prospecting activities, relieving the Corporation of all such costs unless and until oil is found in commercial quantities when the Corporation shall meet the proportion of such costs equal to its percentage share in the partnership.

4. The contracting or partnership agreements may provide for the same or a lesser degree of exemptions and privileges as those assigned to a concessionaire and suppliers in his employment under the Petroleum Law.

5. Contracting and partnership agreements concluded by the Corporation must provide clearly and carefully for enhancing proven oil reserves, developing zones in order to guarantee proper exploitation, training as many Libyans as possible in all stages of petroleum operations, opening up of new markets in collaboration with the contractor or partner and in general operating the venture in such a way as will safeguard the national interest.

6. No contracting or partnership agreement shall be deemed to be conclusive without having been first presented to the Corporation Board for its opinion and also approved by the Council of Ministers.

A contractor or a partner shall meet the qualification requirements prescribed in Article 5 of the Petroleum Law.

Article 6

Petroleum and hydrocarbon resources in the areas allocated to the Corporation under this Law shall remain the property of the State and no rights thereupon may accrue to a third party by way of prescription.

Article 7

All rights of participation assigned to the Government in accordance with current or future concession contracts shall hereby revert to the Corporation who shall use and exploit them pursuant to the terms and conditions of such contracts.

Article 8

The Corporation may engage in the various stages of the petroleum industry inside and outside the country including the exploration, prospection and drilling for oil, natural gas and other hydrocarbon substances as well as the production, refining, transportation, storage, trading, distributing, selling and exporting of such substances and any by-products thereof, chemicals extracted from petrol oil or natural gas and hydrocarbons included.

In particular the Corporation may engage in the following:

1. To undertake by itself or in partnership with other active companies exploration, prospection, and drilling operations for petroleum substances and to produce such substances including crude oil, natural gas and other hydrocarbon materials.

2. To build refineries and storage depots and to maintain and operate them.

3. To establish petrochemical industries or to participate in such industries.

4. Subject to such terms and conditions as may be laid down by the Minister of Petroleum and Minerals, to build, operate, administer and maintain oil pipelines, both in areas allocated to the Corporation and in concession areas.

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5. To acquire oil tankers, under the Libyan flag, and to hire such tankers in order to transport oil from Libya or from any other place outside Libya.

6. To participate in the formulation of specifications for locally-produced and imported petroleum products and to process such products locally as well as to trade in such products, together with any extractions thereof, and distribute, sell and export them.

7. To market crude oil, including oil which is owned by the Corporation, oil which reverts to the Corporation under Article 7, oil which is collected in kind for royalty by the Government, and oil purchased by the Government from a concession holder pursuant to the Petroleum Law.

8. To establish, manage, operate, and maintain oil terminals (ports) for and in connection with Corporation and concession held areas, provided that the establishment, management, operation and maintenance of such terminals shall be subject to such terms and conditions as may be laid down by the Minister of Petroleum and Minerals together with such other rules as may be in force governing such operations and also subject to the consent of the competent authorities.

9. To undertake internal transportation services relating to the petroleum industry.

In exercising the powers and jurisdictions prescribed under Sections 1, 2, 4, and 8 hereof the Corporation shall enjoy the same rights and privileges as those assigned to a concession holder under the Petroleum Law.

Article 9

In pursuing its objectives the Corporation may establish wholly-owned or joint venture subsidiaries. It may also subscribe to existing companies or set up subsidiary firms inside and outside the country. Provided that when sharing

in joint-stock companies the Corporation's share of capital stock must not be less than 51% and provided also that the Corporation shall in all such cases have the right to stipulate offering part of the capital stock for public subscription.

Nevertheless, the Council of Ministers may relax the 51% condition if this shall be deemed necessary.

Article 10

The Corporation may arrange to obtain loans from any party inside and outside the country in order to provide finance for the project. The Corporation may also obtain loans backed by Government for surety but subject to such conditions as may be prescribed by the Council of Ministers.

Article 11

The Corporation's capital shall consist of:

(a) The capital of subsidiary companies plus shares and stocks held by the Corporation pursuant to Article 9 hereof;

(b) Funds appropriated by the Government for the Corporation to form part of the capital.

Article 12

The Corporation revenues shall derive from:

(a) Net profit accruing to the Corporation from subsidiary companies or from share holdings;

(b) Amounts due to the Corporation's representatives in such companies whose capital is owned in part by the Corporation.

(c) Donations and bequeathals accepted by the Board;

(d) Concluded loans;

(e) Appropriations by the State;

(f) Any other returns from its own business activity or from work or services which the Corporation is permitted to carry out on behalf of others.

Payments resulting from partnership contracts and not exceeding payments due to the Government from concession holders under the Petroleum Law will, however, be made direct into the Public Treasury.

Article 13

The Corporation shall have its own budget separate from that of the State which will be drawn up on commercial patterns.

Article 14

The Corporation has open a bank account with the Bank of Libya in which will be paid its own revenues and from which expenditures not exceeding the Public Budgetry appropriations will be paid out.

Should the amounts held in that account be less than the Corporation allotted appropriations, the shortage or difference shall be made up by the Ministry of the Treasury from the State Budget in the course of the year subject to such rules as the Minister may prescribe for the purpose. If the balance held in such account should however exceed the budgetry appropriation, any excess shall revert to the general budget of the State.

Article 15

The Corporation fiscal year shall start and come to an end on the same dates as that of the State.

Article 16

The Board of Directors of the Corporation shall draw up the budget and the profit and loss account for every year. The Board will also prepare a report on the Corporation's activities during the fiscal year.

Article 17

1. Without prejudice to the jurisdictions of the Audit Diwan, two auditors shall be entrusted to audit the accounts of the Corporation. They shall be appointed annually and their remuneration shall be fixed by decision of the Minister of Petroleum and Minerals on the recommendation of the Board of Directors.

2. The auditors shall submit annually a report on the result of their audit to the Board of Directors and the Ministry of Petroleum and Minerals not more than three months from the close of the fiscal year.

3. The Corporation shall place at the disposal of the auditors all books, papers, and information necessary to enable them to carry out their duties. The auditors are to insure that the draft balance sheet and accounts were properly drawn and that these correctly represent the financial position of the Corporation. The auditors shall notify the Chairman of the Board of Directors in writing of any shortage, error, or contravention subject to objection. If the Chairman of the Board of Directors does not fulfill the shortage, correct the error, or remove the contravention as the case may be, the auditors shall state so in their annual report which is to be submitted to the Board of Directors and the Minister of Petroleum and Minerals.

4. In the event of serious errors which cause evident loss to the Corporation, the auditors shall call for a meeting of the Board of Directors forthwith to discuss the matter.

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Article 18

The Minister of Petroleum and Minerals shall submit to the Council of Ministers a report on the activities of the Corporation at the end of each financial year. This report shall be accompanied by the annual report of the Board of Directors of the Corporation and the report of the Audit Diwan.

Article 19

The Board of Directors of the Corporation shall be constituted as follows:

1. Chairman of the Board of Directors and Director General

2. Under Secretary of the Ministry of Petroleum and Minerals nominated by the Minister. He shall replace the Chairman, in the latter's absence, in presiding over the meetings of the Board.

3. Deputy Director General

4. Two members, one to represent the Ministry of Industry and the other to represent the Ministry of Treasury provided they are not less than grade one and are highly qualified. They shall be nominated by the Minister concerned.

Appointment of a chairman and members of the Board of Directors shall be by a decision of the Revolutionary Command Council and the appointments shall be for a period of four years, renewable. The Chairman of the Board and Deputy Director General shall be appointed on a full time basis. The decision appointing them also shall specify their grade and financial privileges.

Article 20

The Board of Directors shall manage the affairs and activities of the Corporation as follows:

1. To formulate the general policy of the Corporation by observing the general plan of the State,

2. To render an opinion on contracting and partnership exploration proposals submitted to the Corporation before they are referred to the Board of Directors,

3. To approve the balance sheet and closing accounts,

4. To invest funds of the Corporation,

5. To prepare regulations governing officials and laborers of the Corpo tion without being restricted to government rules,

6. To formulate internal regulations as well as administrative, financial, and technical regulations of the Corporation without being restricted to government rules,

7. To approve participation of the Corporation in the establishment of companies,

8. To appoint and promote officials at the level fixed in the regulations,

9. To consider all matters, which the Minister of Petroleum and Minerals or the Chairman of the Board of Directors deem it essential to present to the Board, which relate to the management of the Corporation, organizing its activities and all matters which fulfill the objectives of the Corporation.

10. Other jurisdictions prescribed in this law and regulations issued thereunder.

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Article 21

As regards companies established by the Corporation alone, the Board of Directors shall have the following jurisdictions:

a) to approve the balance sheet, profit and loss account, and profit distribution,

b) amendment of the statute of the company,

c) extension or shortening the duration of the company,

d) increasing or reducing capital of the company,

e) to permit the company to dispose of reserves and appropriations for other than the purposes to which they were allotted in the budget,

f) merging of two or more companies.

The Board of Directors of the Corporation shall select a Corporation representative from among members of the Board of Directors to represent them in the general meetings of the companies in which capital the Corporation has a share.

Article 22

The Board shall constitute committees from among its members or others to consider certain matters. It may invite to its meetings any persons to benefit from their experience and knowledge. However they shall have no right to vote.

Article 23

The Chairman shall call meetings of the Board at least once a month. A quorum shall consist of at least three

members including the Chairman. Decisions of the Board shall be adopted by the absolute majority of the votes of members present. In the event of tie votes, the Chairman shall have the deciding vote.

The Minister of Petroleum and Minerals may summon meetings of the Board at any time and may attend their meetings. In the latter case he shall preside over said meetings.

Article 24

The decision of the Board of Directors shall not come into force unless they are approved by the Minister of Petroleum and Minerals. The decisions must be notified to the Minister for approval within seven days from their date of issue. The Minister may object thereto within fifteen days from the date of such notice. If he does not object thereto within said period, the decisions shall become effective.

If the Minister objects, the decisions shall be referred again to the Board of Directors for reconsideration. If the Board adheres to its decision, the Minister shall present the matter to the Council of Ministers.

The decisions referred to in items 3, 5, 6, and 7 of Article 20 shall not become effective until they are sanctioned by the Council of Ministers.

Article 25

The Chairman of the Board of Directors is the Director General of the Corporation and shall manage the executive activities of the Corporation and shall be competent to:

1. carry out the decisions of the Board of Directors,

2. prepare the draft balance sheet and closing accounts;

3. to submit data, studies, and statistics necessary for consideration of matters by the Board of Directors,

4. to represent the Corporation in its relations with others and before the courts,

5. to issue payment orders from the Corporation budget and may delegate other officials of the Corporation to do so,

6. to exercise supervision over the officials and laborers of the Corporation, appoint, promote, and transfer employees at the level determined in the regulations. To appoint, promote, and transfer laborers,

7. other jurisdictions prescribed in this law and in regulations thereunder and those delegated to him by the Board of Directors.

The Deputy Director General shall assist the Chairman of the Board of Directors and shall during the Chairman's absence take over his authority as Director General.

Article 26

A member of the Board of Directors may not conclude with the Corporation, whether directly or through others a partnership, contracting, catering, sale, or lease agreement. He may not, as well, acquire any interest in dispute with the Corporation. He may not, as well, attend the meetings of the Board of Directors or of any committee established by the Board if he or one of his relatives to the fourth degree has any interest in the subject presented to the Board or the committee otherwise any action taken shall be void.

A member of the Board may not sue the Corporation in any capacity. Any member of the Board contravening this provision shall lose his membership by decision of the Revolutionary Command Council.

Article 27

The employees and laborers of the Corporation shall be subject to the decisions issued by the Board of Directors in this respect until regulations governing their affairs are issued.

Article 28

The Corporation shall have representatives on the boards of directors of companies in which capital it has a share. Those representatives shall enjoy the same powers and rights of other members. They shall notify the Chairman of the Board of Directors of the Corporation about decisions adopted by the board of directors of the company within one week from the date of adoption.

Article 29

The funds due to the representatives of the Corporation on the boards of directors of companies shall be transferred to the Corporation. The Board of Directors of the Corporation may determine the remuneration due to the representative for his activities.

Article 30

The Corporation shall be exempted for ten years from all taxes and duties. This duration may be extended or shortened by decision of the Council of Ministers on the recommendation of the Minister of Petroleum and Minerals.

Article 31

All the employees and laborers of the Libyan Petroleum Corporation shall be transferred to the National Libyan Petroleum Corporation in their same positions.

Financial appropriations of the abolished corporation shall also be transferred thereto.

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Article 32

Law No. 13 of 1968 governing the Libyan Petroleum Corporation shall be repealed.

Article 33

The Minister of Petroleum and Minerals shall carry out this law which shall come into force on its date of publication on the Official Gazette.

Colonel Mu'ammar al-Qadhaafi
Prime Minister

'Izzaddiin al-Mabruuk
Minister of Petroleum and Minerals

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